

# Sample RFP

Office of Field Operations Energy Center

February 2011

Editing Notes – All areas in green require editing by the PHA

## **Public Housing Authority Request for Proposal Energy Performance Contracting Program**

The Public Housing Authority (PHA) is seeking proposals from interested Energy Services Companies (ESCOs) that are capable of providing comprehensive energy management and energy-related capital improvement services through an energy performance contract that will improve the energy and water efficiency of the Authority's housing complexes.

For purposes of this document, an "energy performance contract" shall mean a contract for energy efficiency services and equipment in which the payment of the obligation is guaranteed by the ESCo under contract to be less than the energy cost savings attributable to the services of equipment under the contract, for the term of the contract.

The PHA *[insert name]* is interested in contracting a full range of energy and water services and energy-related capital improvements financed through a performance-based contract with guaranteed savings at no initial capital cost to them. These services may include, but are not limited to: design, acquisition, installation, modification, maintenance and training in the operation of existing and new equipment, all aimed at reducing energy consumption and cost associated with the heating and ventilation system, the lighting system, the water system, and other energy using devices.

### **I. Project Overview**

- 1) The PHA owns and operates 2,551 conventional public housing units. PHA's public housing inventory consists of six high-rise towers, seven elderly low-rise or garden complexes, thirteen family townhouse complexes, two family low-rise or garden complexes, and approximately 380 scattered site units.
- 2) A detailed listing of all PHA properties is included in [Attachment A](#).

## II. General Information

- 1) All energy performance contracts must comply with U.S. Department of Housing and Urban Development (HUD) regulations as defined in 24 CFR 990 and 24 CFR 965.
- 2) No contract shall exceed 20 years in duration.
- 3) Only energy performance contract proposals based on a guaranteed savings agreement will be considered.
- 4) The savings guarantee is to mirror the HUD financial incentive payments to the PHA fully protecting the PHA in the event that the utility consumption savings are not met.
- 5) Proposals should define arrangements for acquisition, financing, and ownership of equipment to be installed as part of this project that responsibly maximize the net economic benefit to PHA or reduce the risk.
- 6) The ESCO selected as a result of this RFP will be expected to provide comprehensive energy services, including but not limited to:
  - a) Energy Audit - The performance of an investment quality comprehensive energy audit. The services must include:
    - i) An audit of current utility consumption verifying all financial data reported to HUD.
    - ii) An audit of all energy systems within the Authority. The energy audit should be completed utilizing a building energy use simulation software package similar to one of the following:

(1) DOE-2	(3) EZDOE
(2) Power DOE	(4) Visual DOE
  - b) The design and specification of energy efficient equipment and systems.
  - c) Services associated with the procurement, installation, and commissioning of new energy efficient equipment.
  - d) Preventive and emergency maintenance and servicing of the equipment installed.
  - e) Training facility staff with respect to routine maintenance and operation of all improvements.
  - f) The ESCo shall identify and secure financing for the project. The Authority's procurement policy shall be followed in procuring these services.
  - g) The PHA requires a minimum guaranteed savings approach to the project. If the project does not generate the guaranteed level of savings in any given year, the ESCo will be responsible for reimbursing the Authority the amount of the shortfall necessary to pay for annual project financing and all related contract obligations.

- h) The ESCo must work cooperatively with PHA staff in coordinating this project.
  - i) The ESCo shall provide cost documentation to assist the Authority in determining cost reasonableness. All costs breakdowns must conform to the Federal Cost Principles as defined in HUD Handbook 2210.18 and must be in sufficient detail to determine the allowability and allocability of costs. The cost principles are also contained in the Federal Acquisition Regulation 48 CFR Chapter 1, Part 31.
- 7) Measurement and Verification (M&V) – Utility consumption savings shall be validated using the current HUD Measurement and Verification Guidance.

**{optional clauses }**

**{Energy savings can be either measured or stipulated. A conservative approach is to allow measured savings only. This approach will reduce the risk to the PHA but will also result in a smaller contract due to less work.}**

**{Option 1} Only measured savings will be allowed for Authority paid utilities.**

**{Option 2} Only measured savings will be allowed for Authority paid water and natural gas utilities.**

### **III. Procurement Process**

The PHA will select an ESCo to implement PHA's Energy Performance Contracting Program through the following process.

- 1) **Site Visits.** Interested firms are required to view representative complexes of PHA's inventory. The site visit will also provide ESCos the best opportunity to question PHA staff about the project and PHA's public housing inventory. PHA will provide up to two site sessions. The first session will take place on April 22, 2003. Dependent upon the response to this RFP a second session will take place on April 23, 2003. Interested ESCos must contact PHA to obtain the time and location of the site visit. Please contact John Doe at (123) 456-7890 to obtain site visit information.
- 2) **Submission of Written Qualifications.** ESCos will be required to submit a qualifications and cost based proposal to PHA for review. The requirements of the proposal are described in detail in Section V. The PHA will select key staff within the agency to serve on a selection committee. The Selection Committee members will be responsible for individually reviewing and evaluating proposals. Proposals will be reviewed and ranked based on the scoring criteria established in Section IV. The topped ranked ESCos will be invited to the second phase of the selection process.
- 3) **Interview and Presentation.** The top rated ESCos will be asked to prepare a brief presentation of the firm's experience with energy performance contracting. Upon the conclusion of the presentation, the firm will participate in a detailed interview to

further discuss the firm's qualifications, experience, and approach to the project. The evaluation of the interview will be based on the criteria established in Section IV. Presentation and interview time will be limited to 60 minutes per ESCO.

- 4) **Selection of ESCo - Audit** – The PHA will select the highest rated firm to conduct a complete technical analysis of the PHA's public housing inventory. The PHA intends to negotiate a contract for these services. If an acceptable audit contract cannot be reached within 60 days from the date of ESCo selection, negotiations with the second-ranked ESCo may be initiated.
- 5) **Selection of ESCo - Energy Performance Contract** - At the completion of the audit, the findings in the audit shall be presented to PHA. The audit report shall provide a comprehensive list of all energy conservation measures including proposed installation costs and related energy savings. The ESCo shall develop and propose an energy performance contract/program based on the information gathered through the audit, including the timetable for completing engineering and construction work, a detailed description of services to be provided, specific financing arrangements and terms, and an estimate of energy savings, cash flows and guarantees offered by the firm. At this point, the PHA may either choose to enter into the energy performance contract or decline.

If the PHA decides not to enter into an energy performance contract with the selected ESCO after the audit has been accepted, the Authority agrees to pay the cost of the audit, provided that all proposed contract terms offered by the ESCo meet the conditions set forth in this RFP. The energy performance audit shall remain the property of the PHA.

#### **IV. The Selection Process**

- 1) Timetable
  - a) Receipt of Proposals:
  - b) ESCO interviews:
  - c) ESCO Selection:
  - d) Contract (energy audit) execution:
- 2) Proposal Evaluation Criteria – Proposals will be evaluated and scored on the basis of the following criteria:
  - a) Project Experience {Maximum 20 points}

Points will be awarded based on demonstrated experience with similar projects. Experience with similar projects will be understood to include development of performance contracts to furnish energy services in institutional or commercial facilities of similar size, systems, and use.

- b) Staffing Plan {Maximum 20 points}
- Points will be awarded based on documented technical and project administration skills, licensure, certification and experience of the proposed project team. Only those individuals proposed to work directly on the subject project should be included in the Staffing Plan. Consistency of staff in the example projects and the proposed team should be ranked higher. Also, project teams that are primarily or completely composed of staff from the proposer or related companies should be ranked higher.
- c) Technical Capacity {Maximum 40 points}
- Points will be awarded based on the quality and comprehensiveness of the technical approach, compliance with HUD requirements, sample energy audit, description of the energy baseline methodology, description of measurement and verification methodology, and the preliminary assessment of the energy efficiency opportunities in the sample facilities.
- d) Financial Terms {Maximum 40 points}
- Consideration will be given to proposals that responsibly maximize the net economic benefit to the Authority over the term of the energy services agreement, and that responsibly minimize the risk to the Authority in connection with the proposed transaction.
- Overhead costs will be evaluated for the value brought to the Authority by the proposed approach to project implementation. The percentage of non-HUD incentives that will be given to the Authority will be considered in evaluation of the financial benefits of the proposal.
- e) Proposed Project Schedule {Maximum 20 points}
- Proposals will be evaluated on the reasonableness, clear presentation, length and detail of the proposed project schedule. The proposal should include descriptions of how the proposer intends to achieve the project schedule.
- f) Interview {Maximum 20 points}
- Interviews will be held with up to three top ranked ESCOs to obtain clarification on issues raised by earlier stages of the evaluation process, and to assess the qualifications of the project team and its ability to implement all tasks and responsibilities in a prompt and efficient manner. Scores assigned for proposals, under any category, may be amended based on information obtained during the oral interviews. The proposed project team should be made available during the oral interview to discuss their individual experience, as well as their specific role in this project.

**V. Proposal: Format and Contents**

**1) Proposal Format –**

- a) Proposals must be submitted in the format outlined in this section. The Authority reserves the right to eliminate from further consideration any proposals deemed to be substantially or materially non-responsive to the requests for information contained herein.
- b) Proposals are to be submitted on or **before Tuesday, December xx,xxxx, 2:30 P.M.**
- c) An original and two copies of the proposal are required. To prevent opening by unauthorized individuals, your submittal should be identified on the envelope as follows:

**NO NOT OPEN - PROPOSAL ENCLOSED**

**ENERGY PERFORMANCE PROJECT**

- d) The proposals shall be addressed to:

**HOUSING AUTHORITY**

**ADDRESS**

**City, State, Zip Code**

**2) Proposal Content**

- a) **Section 1 - Statement of Qualifications** - Proposer must include the following elements in response to this RFP:
  - i) Name and address of firm
  - ii) Telephone and fax numbers.
  - iii) Names, titles, and e-mail address of two people authorized to represent the firm on this project, and answer any questions presented.
  - iv) Year firm was established.
  - v) Quantity and type of licensed and/or certified professionals in local office within 100 miles of the Authority. If your firm does not have a local office, discuss the mechanism that will guarantee the local support services necessary for completing and servicing this project through the term of the contract.
  - vi) Approach to project management including make-up of the project team and the proposed responsibilities of the project team members.
  - vii) Describe the process to be followed in selecting and managing subcontractors.
  - viii) Description of the proposed project financing approach.
- b) **Section 2 - Project Experience** - Proposer must describe three to five projects that best exemplify the range of technical and financial services provided by the ESCO for a project similar to this one. Each project description (not to exceed 2 pages) should include:

- i) Customer's name and address
  - ii) Total contract cost.
  - iii) Type of contract; guaranteed savings, no guarantee, etc.
  - iv) Name and telephone number of references for the project. (Authority presumes permission to contact).
  - v) Brief description of the project's scope of services and status. (Include type of facility at which project was implemented, whether the project was completed on the original schedule and whether significant problems occurred that affected project performance. As appropriate, identify all prime contractors or subcontractors and their role in each project.) This section should be used to demonstrate the firm's experience in completing a project using the technologies relevant to the Authority's facilities.
  - vi) Energy use (consumption) and costs prior to project implementation.
  - vii) Level of projected annual energy cost savings and annual levels actually achieved. This section should document the projected versus the actual cash flows of the contracts including the cost benefit to the Authority as related to the different HUD incentives.
  - viii) Identify members of the proposed project team involved with the sample projects and their current primary office location.
  - ix) Type of HUD incentive utilized: Freezing the rolling base or Add-on subsidy.
  - x) Type of verification methodology utilized: Describe the IPMVP methodology used along with a description of the yearly measurement and verification process for all stipulated (Option A) savings.
- c) **Section 3 – Staffing Plan** - This section should include a complete description of the individual experience and qualifications of the proposed project staff. The staffing plan should include name, title, experience and relevant duties of each individual active in this specific project. No credit will be granted during the evaluation process for the experience of anyone who will not be directly involved in implementing this project. In addition, any subcontractors the ESCO intends to use for the project shall be identified and their role(s) described. Provide subcontractor's name, address, contact person, phone number and relevant experience.
- Examples of subcontractors that shall be identified include but are not be limited to:
- i) Architectural/engineering firm that will be responsible for project design.
  - ii) Energy auditing firm.
  - iii) Construction manager.

**d) Section 4 – Technical Capability**

- i) In a Section to be labeled Section 4-1, the proposal must explain the approach your organization will take in delivering the comprehensive technical services required to audit, design, install, and maintain the proposed energy efficiency improvements. Actual designs/specifications are not required at this time.
- ii) In a Section to be labeled Section 4-2, describe the Comprehensive Energy Audit that will be conducted for this project after selection of an ESCo on the basis of this RFP. Your proposal must include information on the systems to be covered, the personnel to be involved and the general method to be used. Provide, as an attachment, an abridged copy of the Comprehensive Energy Audit developed for one of the example projects listed above. The example audit provided should be similar to the Comprehensive Energy Audit anticipated for this project.
- iii) In a Section to be labeled Section 4-3, describe in detail the method you will use to compute the energy baseline. Attach a sample computation from a previous project done by your firm, with full documentation of methods, assumptions and input data. Explain how verification of HUD reported consumption values will be verified.
- iv) In a Section to be labeled Section 4-4, describe your firms understanding of:
  - (1) Resident paid utility allowances, the affect they have on this type of program, and your comprehension of 24 CFR 965 subpart E;
  - (2) The three typical HUD incentives for energy cost reduction and which methodology is most utilized by your firm, how they interact and why an incentive is chosen;
  - (3) Explain how your firm contractually deals with utility unit costs (rates) in relation to the financial savings created by your programs;
  - (4) Measurement and verification techniques utilized by your firm to establish and report on guaranteed savings;

**e) Section 5 - Financial Terms**

- i) The Authority seeks to structure the contract such that the energy savings will be sufficient to pay the debt service, annual ESCo fees, and possible consulting fees incurred by the Authority.
- ii) The Authority may participate in the competitive bidding and selection of all construction contractors. Construction bids will be reviewed with the Authority and contractor selection will be jointly determined between the ESCO and the Authority. The Authority shall approve the bid documents and any subsequent addenda required prior to release. If the proposer is intending to provide a portion or all of the construction utilizing their own personnel, the process by which the assurance of a competitive construction cost will be insured shall be



described in detail. None of the ESCO's expenses and/or overheads shall be included in any way as part of the construction bids. A signed certification statement shall be required from the ESCO stating this is true.

- iii) For the purpose of calculating the overhead and profit percentages below, the unburdened construction cost shall be defined as the value of the construction bids received from the construction contractors without any additional mark-up by the ESCo.
- iv) Detailed financial information required in this Section includes the following estimated costs that are based on the information provided in this RFP.

(1) Energy Performance Project Implementation Costs:

(a) Comprehensive Energy Audit: \$ \_\_\_\_\_

Please provide the man-hours and rates attributable to the audit tasks, subcontractor costs (if applicable), and direct costs that make up the proposed cost to complete the Comprehensive Energy Audit.

Show costs (b) through (i) as a percentage of <u>unburdened</u> construction cost.	
	Maximum Percentage ( % )
(b) Designs and specifications (A/E Fees)	
(c) Administration	
(d) Cost of Risk	
(e) Construction Management	
(f) Hazardous Waste Administration	
(g) Profit	
(h) Training	
(i) Any other overhead costs (specify)	
<b>NOTE:</b> The above categories (b) – (i) can be revised / extended by the ESCo through the proposal. Unclear fee descriptions will be considered not in the best interest of the Authority. The PHA will not pay for any additional costs above the unburdened construction cost that are not identified in this proposal.	

Ongoing Project Management Costs:

Show costs (a) through (c) as a percentage of <u>unburdened</u> construction cost.	
	Maximum Percentage ( % )
(a) Yearly energy savings measurement and verification costs:	
(b) Yearly resident training costs.	
(c) Other yearly service fees (specify):	

- f) **Section 6 – Proposed Project Schedule** - The proposal must provide a complete schedule for achievement of all major project milestones including but not limited to:
- i) Commencement and completion of energy audits.
  - ii) Detail all tasks involved with the completion of the energy audit and the expected timeline for the completion of each.
  - iii) Final Contract Proposal including a list of all proposed improvements, baseline calculations, and cash flow projections.
- g) **Section 7 - Official Statement of Proposer** -The proposal shall include a statement to the effect that the proposal is a firm offer for a minimum 120-day period. The proposal shall also provide the: name, title, address, and telephone number of individual(s) with authority to negotiate and contractually bind the company and also who may be contacted during the period of proposal evaluation.

## **VI. Contract Negotiations and Contractual Provisions**

With the acceptance of the audit and proposed program, PHA and the ESCo shall enter into a formal program contract that shall include the following points or provisions:

1. The contents of the RFP submission become part of the final contract.
2. Attachment B – Instruction to Offerors – Non-Construction, form HUD-5369-B
3. Attachment C - Certifications and Representations of Offerors, Non-Construction Contract, form HUD-5369-C.
4. Attachment D - General Contract Conditions, Non-Construction, form HUD-5370-C.
5. PHA retains final approval over the scope of work and end-use conditions.
6. The ESCo must provide a final schedule of project milestones including equipment-servicing provisions, which will become part of the final contract. In the event any milestone or equipment servicing provision is not met as scheduled, without prior approval, PHA reserves the right to consider it as default and withdraw from all contractual obligations without penalty.

7. The ESCo must carry an appropriate level of insurance for the construction and operations phase, as well as the monitoring phase. At a minimum the ESCo must carry a Comprehensive Liability Insurance Policy, Worker Compensation Policy, and an Automobile Liability Policy. The ESCo must provide PHA evidence of the insurance. Additionally, PHA must be named as an additional insured party on the policies on the Comprehensive Liability Insurance, and the coverage shall indemnify PHA against all claims and demands for injury, death or damage as a result of the negligence of the ESCo and/or its subcontractors, employees, agents, licensees, or invitees, in the performance of the contract.
8. The ESCo shall provide to PHA assurance of completion in the form of separate performance and labor and material payment bonds, each in the sum of 100% of all subcontracts.
9. The PHA must have access to inspect, test and approve both the work conducted in the facility, during construction and operations, as well as access to the books, records, and other compilations of data that pertain to the performance of the provisions and requirements of the agreement. Records shall be kept on a generally recognized accounting basis, and calculations kept on file in legible form.
10. The ESCo will fully disclose all costs, including the cost of subcontractors, vendors, and materials.
11. The ESCo will be responsible for maintaining the levels of comfort for each building as specified. Persistent failure to maintain the defined climate and lighting conditions will constitute a default.
12. All drawings, reports and materials prepared by the ESCo specifically in performance of the contract shall become the property of PHA and shall be delivered to PHA as needed or upon completion of construction.
13. All work completed under this contract must be in compliance with all <insert State name> and Local building codes.
14. The selected firm must hold appropriate accreditation, certification and licensing standards to perform work in <insert State name> and the <insert City name>.
15. PHA shall reserve the right to renegotiate the awarded contract if changes in the regulatory or utility climates or if the PHA's use of energy warrant it and/or permit the addition of sites to the contract.
16. The contract must meet applicable HUD procurement requirements found at 24 CFR 85.36.
17. The contract and program must meet applicable HUD operating subsidy requirements found at 24 CFR 990.185, as well as applicable energy performance requirements found at 24 CFR 965.308

## **VII. Technical Requirements**

The contract shall also address or acknowledge the following:

1. Specific standards of comfort will be defined and must be maintained throughout the term of the contract.
2. A registered professional engineer must, at a minimum, review and approve design work done under this contract.
3. The ESCo will be required to work with the current building management and maintenance personnel in order to coordinate construction and provide appropriate training in retrofit operation to PHA personnel and residents. No equipment shall be installed which would necessitate the Authority hiring additional personnel unless contract negotiations produce an explicit exemption from this provision.
4. The ESCo must provide mylar, reproducible "as built," and three (3) sets of record drawings of all existing and modified conditions associated with this project, conforming to typical engineering standards. These should include architectural, mechanical, structural, and control drawings and operating manuals. Drawings must be provided to the Authority within 30 days of the completion of installation. Moreover, if these drawings are produced on a computer, the ESCO will also provide to the Authority a copy of the file and one licensed version of the program used to produce the drawing.
5. At least three (3) maintenance manuals per complex will be provided for all equipment provided under the contract. Manuals are subject to the approval of PHA.
6. At least three (3) copies of record product data will be provided to PHA for each location.
7. Upon the completion of the final contract, the ESCO shall provide PHA a single comprehensive schedule of necessary preventative maintenance for all installations for the five (5) years following the contract closeout.

## **VIII. Other**

PHA reserves the right to reject any or all submissions for any reason whatsoever.

PHA reserves the right to waive informalities and minor irregularities in submissions received and to accept any submission if deemed in the best interest of PHA to do so.

## **IX. Labor Laws**

1. The selected ESCo shall obey and abide by all the State laws and regulations and the U.S. Department of Housing and Urban Development relating to the employment of workers for construction and capital improvement projects.
2. The ESCO agrees not to discriminate against any employee or applicant for employment, to be employed in the performance of this Agreement, with respect to hire, tenure, terms, conditions or privileges of employment, or any matter directly or indirectly related to

employment, because of age (except where based on a bona fide occupational qualification), sex (except where based on a bona fide occupational qualification) or race, color, religion, national origin, or ancestry. The ESCO further agrees that every subcontract entered into will contain a provision requiring non-discrimination in employment, as herein specified, binding upon each subcontractor.

3. All State Laws and Regulations, regarding the prevailing wage rates will be adhered to

#### **X. Assignment or Subletting of Contract**

In the execution of the performance contract it may be necessary for the ESCo to sublet part of the work to others; however, the ESCo shall not award any work to any subcontractor without prior written approval of PHA, which approval shall not be given until the ESCo submits to PHA a written statement concerning the proposed award to the subcontractor, which statement shall contain such information as PHA may require.

The ESCO shall be fully responsible to PHA for the acts and omissions of subcontractors and of persons either directly or indirectly employed by the subcontractors, and for the acts and omissions of persons directly employed by the ESCO.

Nothing contained in this Agreement shall create any contractual relation between any subcontractor and PHA.

The ESCO shall not assign, transfer, convey, or otherwise dispose of this Agreement, or any part hereof, or high right, title or interest in the same or any part thereof, without the previous written consent of PHA. The ESCO shall not assign by power-of-attorney, or otherwise, any of the moneys due or to become due and payable under this Agreement, without the previous written consent of PHA.

#### **XI. Attachments**

Attachment A - PHA Property Listing.

Attachment B – Instruction to Offerors – Non-Construction, form HUD-5369-B

Attachment C - Certifications and Representations of Offerors, Non-Construction Contract, form HUD-5369-C.

Attachment D - General Contract Conditions, Non-Construction, form HUD-5370-C.

Attachment E – Utility Consumption and Cost Data

- Form HUD 52722
- Utility consumption and cost data. - Breakdown of consumption and cost data by project/site for three years.

Attachment F – Current utility allowance schedule.

END